

## **Assumptions for Benefit Table Phase-outs**

Our sample family consists of a single woman with two children under the age of 13. She lives in Wisconsin (outside of Milwaukee County) and obtained her first job through the W-2 program. Experiences in other states may vary, but the overall effect will be the same.

All earnings shown are gained through employment. Programs with monthly qualifying criteria and benefit levels were annualized to coordinate with the benefits available under the federal tax code.

### **Supplemental Nutrition Assistance Program**

Our single mother is under retirement age and is not disabled. No income modifications for a dependent care deduction, medical costs, or excess shelter costs (all allowed under certain circumstances) were included. Despite these omissions, the woman in our example meets the net income test at each income level that she meets the required gross income test. The presence of vehicles and other assets was not considered. (The numbers in this study are based on the temporary increases enacted in the American Recovery and Reinvestment Act.

### **Federal Income Tax**

The sample mom files as a Head of Household and claims three exemptions.

### **Child Tax Credit and Earned Income Tax Credit**

Our subject mom is aware of these benefits and filed a federal tax return even at income levels it otherwise was not required.

### **W-2 Child Care Subsidy**

The child care subsidy shown is through Wisconsin's W-2 program. She is eligible because she has unsubsidized employment and meets gross income requirements. Her children, both under the age of 13, are in a regulated care setting. The amount shown is our subject's co-payment which rises as her income increases, even though the total cost of care remains the same. Once benefits phase-out completely, we assume that child care expenses remain at the level of her highest co-payment.

### **Federal Dependent Care Credit**

For purposes of this credit, we assume that this family's W-2 co-payment is her only child care expense.

### **FICA Taxes**

Apply to all earnings under \$113,700

### **Housing**

Housing subsidies or other benefits have not been included. A shortage in the supply of public housing units limits availability to a minority of households eligible for the benefit.